

ISLE OF CAPRI CASINOS INC
Form 10-Q
September 07, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 29, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-20538

ISLE OF CAPRI CASINOS, INC.

Delaware
(State or other jurisdiction of
incorporation or organization)

41-1659606
(I.R.S. Employer
Identification Number)

600 Emerson Road, Suite 300, Saint
Louis, Missouri
(Address of principal executive offices)

63141
(Zip Code)

Registrant's telephone number, including area code: (314) 813-9200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of September 3, 2007, the Company had a total of 34,813,153 shares of Common Stock outstanding (which includes 4,302,687 shares held by us in treasury).

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical or current facts included in this report on Form 10-Q or incorporated by reference herein, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe” or “continue” or the negative thereof or variations thereon or similar terminology. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct.

Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to:

- the effect of significant competition from other gaming operations in the markets in which we operate;
- the effects of changes in gaming authority regulations;
- the effects of changes in gaming taxes;
- the effects of changes in non-gaming regulations;
- loss of key personnel;
- the impact of inclement weather on our patronage;
- the timing and amount of collection of insurance receivables;
- the effects of construction and related disruptions associated with expansion projects at existing facilities;
- the effects of increases in energy and fuel prices;
- the effects of increases in construction costs;
- general and regional economic conditions;
- the effects of limitations imposed by our substantial indebtedness
- the outcome of pending litigation;
- political conditions and regulatory uncertainties in the U.S. and international venues in which we operate or are pursuing development opportunities; and

All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

Our Internet website is <http://www.islecorp.com>. We make our filings available free of charge on our Internet website as soon as reasonably practical after we electronically file such reports with, or furnish them to, the SEC.

PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

<u>ASSETS</u>	July 29, 2007 (Unaudited)	April 29, 2007
Current assets:		
Cash and cash equivalents	\$ 136,856	\$ 188,114
Marketable securities	17,840	17,169
Accounts receivable, net	24,689	22,527
Insurance receivable, net	57,487	56,040
Income tax receivable	2,678	-
Deferred income taxes	12,421	12,421
Prepaid expenses and other assets	39,680	24,067
Total current assets	291,651	320,338
Property and equipment, net	1,437,908	1,338,570
Other assets:		
Goodwill	297,268	297,268
Other intangible assets, net	79,688	74,154
Deferred financing costs, net	19,006	13,644
Restricted cash	2,639	4,637
Prepaid deposits and other	26,579	27,080
Total assets	\$ 2,154,739	\$ 2,075,691
<u>LIABILITIES AND STOCKHOLDERS'</u>		
<u>EQUITY</u>		
Current liabilities:		
Current maturities of long-term debt	\$ 9,769	\$ 7,594
Accounts payable	39,380	60,460
Accrued liabilities:		
Interest	23,496	10,166
Payroll and related	47,738	48,402
Property and other taxes	27,847	23,380
Income taxes	-	16,011
Progressive jackpots and slot club awards	13,487	12,785
Other	76,413	56,943
Total current liabilities	238,130	235,741
Long-term debt, less current maturities	1,487,177	1,410,385
Deferred income taxes	32,348	41,451
Other accrued liabilities	42,200	30,817
Other long-term liabilities	48,591	47,639
Minority interest	28,802	27,836
Stockholders' equity:		
Preferred stock, \$.01 par value; 2,000 shares authorized; none issued	-	-
Common stock, \$.01 par value; 45,000 shares authorized; shares issued:		

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34,720 at July 29, 2007 and 34,682 at April 29, 2007	347	347
Class B common stock, \$.01 par value; 3,000 shares authorized; none issued	-	-
Additional paid-in capital	176,304	175,132
Retained earnings	148,012	155,127
Accumulated other comprehensive income	4,556	3,358
	329,219	333,964
Treasury stock, 4,303 shares at July 29, 2007 and 4,324 shares at April 29, 2007	(51,728)	(52,142)
Total stockholders' equity	277,491	281,822
Total liabilities and stockholders' equity	\$ 2,154,739	\$ 2,075,691

See notes to the unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended	
	July 29, 2007	July 30, 2006 (Restated)
Revenues:		
Casino	\$ 277,234	\$ 277,620
Rooms	13,841	14,651
Pari-mutuel commissions and fees	4,576	4,961
Food, beverage and other	34,068	34,812
Gross revenues	329,719	332,044
Less promotional allowances	51,186	58,076
Net revenues	278,533	273,968
Operating expenses:		
Casino	38,595	42,231
Gaming taxes	69,072	58,343
Rooms	3,181	2,451
Pari-mutuel commissions and fees	3,672	3,826
Food, beverage and other	11,629	9,086
Marine and facilities	16,992	15,472
Marketing and administrative	80,656	86,984
Preopening	6,133	249
Depreciation and amortization	30,557	23,986
Total operating expenses	260,487	242,628
Operating income	18,046	31,340
Interest expense	(25,814)	(20,056)
Interest income	1,094	569
Loss on early extinguishment of debt	(2,192)	-
Income (loss) from continuing operations before income taxes and minority interest		
	(8,866)	11,853
Income tax (provision) benefit	3,678	(5,487)
Minority interest	(1,927)	(1,038)
Income (loss) from continuing operations	(7,115)	5,328
Income from discontinued operations, net of income taxes	-	3,956
Net income (loss)	\$ (7,115)	\$ 9,284
Earnings (loss) per common share-basic:		
Income (loss) from continuing operations	\$ (0.23)	\$ 0.18
Income from discontinued operations, net of income taxes	-	0.13
Net income (loss)	\$ (0.23)	\$ 0.31
Earnings (loss) per common share-diluted:		
Income (loss) from continuing operations	\$ (0.23)	\$ 0.17

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Income from discontinued operations, net of income taxes		-		0.13
Net income (loss)	\$	(0.23)	\$	0.30
Weighted average basic shares		30,417		30,422
Weighted average diluted shares		30,417		31,404

See notes to the unaudited consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(In thousands)

	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accum. Other Compre- hensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance, April 29, 2007	34,682	\$ 347	\$ 175,132	\$ 155,127	\$ 3,358	\$ (52,142)	\$ 281,822
Net loss	-	-	-	(7,115)	-	-	(7,115)
Foreign currency translation adjustments	-	-	-	-	1,198	-	1,198
Comprehensive loss	-	-	-	-	-	-	-